

Health and Human Services Agency California Office of HIPAA Implementation

INFORMATION MEMORANDUM

2002-001

TO: All HIPAA Covered or Impacted State Entities

FROM: CALIFORNIA OFFICE OF HIPAA IMPLEMENTATION

Title:	Number:
Federal Extension of HIPAA Transactions and Code Sets Regulations	2002-001
Subject:	Issue Date:
HIPAA Compliance Deadlines	January 23, 2002
Reference(s):	Expiration Date:
H.R. 3323	N/A
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The purpose of this memorandum is to notify you that the President signed H.R. 3323 on December 27, 2001, which provides for a one-year extension of the HIPAA compliance deadline for Transactions and Code Sets to **October 16, 2003**.

Both the Senate and House of Representatives passed one-year extension bills for Transactions and Code Sets (the Senate bill is S. 1864). Neither bill changed the deadline for the Privacy rule or changed any of the other terms or definitions contained in the original law. However, the House bill contains several provisions that are not in the Senate bill. Specifically, H.R. 3323, the Administrative Simplification Compliance Act:

- Requires covered entities to submit a plan by October 16, 2002 detailing how they will come into compliance by the new deadline;
- Requires the Secretary of (federal) HHS to promulgate a model form for this plan;
- Allows the Secretary, at his discretion, to exclude from Medicare those entities who fail to submit the plan and are otherwise non-compliant;

- Appropriates \$44.2 million for technical assistance, education and outreach, and enforcement activities. However, the amount would be reduced if the Secretary is late in promulgating the model form for compliance plans;
- Additionally, the bill specifies that the National Committee on Vital and Health Statistics shall review a sample of plans and shall regularly publish "best practices" for effective solutions to compliance problems identified in compliance plans.

Each plan is required by the bill to have several components, including:

- An analysis reflecting the extent to which, and the reasons why the covered entity is not in compliance,
- A budget, work plan, schedule, and implementation strategy showing how the covered entity will come into compliance,
- A discussion about whether the covered entity plans to use contractors or other vendors in achieving compliance, and
- A timeframe for testing that begins no later than April 16, 2003.

Plans can be submitted electronically. After submission, the Secretary is to furnish the National Committee on vital and Health Statistics with a sample of plans submitted for their analysis. The Committee, in turn, is to regularly publish and widely disseminate to the public, reports containing effective solutions to compliance problems identified in the plans.

As referenced above, the appropriation of \$44.2 million is reduced if the Secretary is late in promulgating the model form for the compliance plan. The bill calls for the form to be promulgated by March 31, 2002, with the appropriation reduced by 25 percent for each two weeks after that that the Secretary is late. For example, if the Secretary were 13 days late, the appropriation would not be reduced at all. At 14 days it would be reduced by 25 percent, at 30 days the reduction would be 50 percent, at 45 days it would be reduced by 75 percent, and at 60 days it would be reduced to zero.

COHI will be issuing additional guidance in the coming months regarding the extension compliance plan and other issues connected to the Administrative Simplification Compliance Act.

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